

AR25

Annual Report to Shareholders For the year 1980

Financial Highlights

(Dollar amounts in thousands except for per share amounts)

	1980	1979	Change
Net revenues	\$16,615	\$14,082	18%
Net income	1,267	1,091	16
Working capital	2,305	1,746	32
Total assets	5,271	4,474	18
Shareholders' equity	2,858	2,058	39
Current ratio	2.0	1.7	18
Per share:			
Net income	\$.97	\$.83	17%
Book value	2.18	1.57	39
Dividends:			
Cash	.36	.27	33
Stock	10%	5%	100
Performance indicators:			
Return on beginning assets	28%	30%	(7%)
Return on beginning equity	62	82	(24)
Return on revenues	7.6	7.7	(1)
Average shares outstanding	1,309,713	1,310,239	—

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The President's Report

Dear Shareholder,

Fiscal 1980 was a year of contrasts. Revenues and earnings reached new highs for the year, despite a sharp downturn in the U.S. economy and higher than anticipated start-up costs for our new operations.

Following our long-term growth strategy, we opened eight new agencies in the Southwest, West and other areas of the country with heavy concentrations of high technology growth industries. And, at the same time, we closed six unprofitable or marginally profitable operations in the Midwest and Southeast.

We got out of franchising; however, we expanded our Employee Development and Continuing Education Division to provide greater training support for our Company operations.

With the assistance of a major computer consulting firm, we developed a five-year plan to maximize our use of data processing to achieve corporate growth objectives.

A year of contrasts—challenges, accomplishments, growth and a few setbacks

Now, here are some of the details.

The Company earned \$1.3 million, or 97 cents per share in 1980, up 16 percent from last year's \$1.1 million, or 83 cents per share, while revenues of \$16.6 million topped 1979 by 18 percent.

At the end of the first six months of the year, earnings had more than doubled the earnings for the first half of Fiscal 1979. And, revenues for the period were up 35 percent from the prior year. However, the final six months of Fiscal 1980 was another story. The recession left its mark on operations, particularly in Chicago, Detroit, Indianapolis, St. Louis and Kansas City. Earnings for the period were down 25 percent from the same period in 1979 and revenues were only 5 percent higher. However, outstanding results achieved by Sun Belt and West Coast operations such as Dallas, Houston, Phoenix, Los Angeles and San Francisco helped to offset some of the hardest hit areas in the Midwest.

A Board of Directors in action

Our Board of Directors, its Audit Committee and its Compensation Committee, took actions which we believe will have long-range value and continuing benefits to the Company. Here are a few:

- They approved an employee investment retirement plan.
- They approved a retirement deferred compensation plan for corporate officers.
- As part of the ongoing personal review of our national organization, the entire Board toured the Company's agency operations throughout the Chicago area as they did in Los Angeles and Toronto during 1979.
- They increased the regular quarterly cash dividend from 8 cents per share to 10 cents per share.
- They declared a 10 percent stock dividend.

The Company has a well-balanced working Board of Directors with two members of Corporate Management and five non-employee members. The Board met five times in 1980.

The financial scorecard for Fiscal 1980 makes good reading

Earnings of \$1.3 million for 1980 represent a net margin (return on revenues) of 7.6 percent and a return of 62 percent on shareholders' equity.

And, with revenues of \$16.6 million, the asset turnover rate was more than 371 percent, down slightly from the 385 percent rate for 1979.

The balance sheet looks good, too

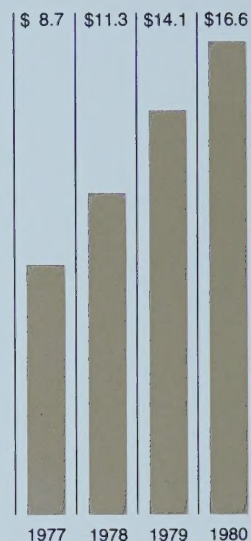
Overall, as of September 30:

- No Company debt, long- or short-term.
- Total assets rose 18 percent during the year.
- Shareholders' equity was up 39 percent.
- Working capital, at \$2.3 million, was 32 percent higher than last year.
- Ratio of current assets to current liabilities was 2 to 1.
- Cash and short-term investments stood at \$2.8 million on September 30, 1980.

Conclusion

The Company is in a strong capital position, with adequate funds to finance its day-to-day operating requirements and planned growth needs as well as maintaining contingent emergency reserves.

Revenues
(Millions)



Net Income
(Per Share)



Per share figures reflect 10% stock dividend issued in September, 1980.

A few comments about the future

How often we have heard the expression that we are living in uncertain times. Even now this phrase continues to sum up the economic outlook for the United States and Canada.

When contemplating the future, both positive and negative elements must be considered. A 20 plus percent prime rate can be unsettling for many companies and their growth plans. The double digit inflationary spiral continues to affect both consumers and business. The automobile industry is still not "out of the woods" and higher interest rates threaten the housing industry once again.

On the brighter side, there is widespread confidence among business leaders about the outlook for business in the "eighties." Many believe the prime rate will soon be headed down and that we're going to get a handle on inflation and slow it down, too.

Military spending is going up, without a doubt—and not too soon for our country. What does this mean to General Employment? Simply this—more jobs. In some cases we may not be staffing for prime contractors but we expect to be doing a lot of business with subcontractors, with heavy emphasis on engineering and computers, our two strongest areas of job placement (see our Placements By Occupation chart on Page 8).

Good operating environment for the eighties—tax cuts, less regulation and a generally optimistic outlook by business and consumers as a whole.

We believe this will truly be the decade of the "exciting eighties."

How General Employment will fare in 1981

As a matter of fact, we expect 1981 to be a good year for General Employment Enterprises.

The recession of 1980 appears to be winding down... it was steep, but apparently short. Most leading indicators are up, consumer confidence is high. The Conference Board's Business Executives' Confidence Index continues to show optimism and, a most important indicator for our industry, the Help-Wanted Advertising Index, also published by the Conference Board, has registered gains in five out of the last six months.

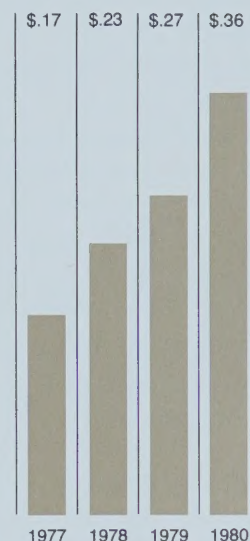
However, the slump in manufacturing employment will have an adverse impact upon our agencies' job placement performance during the first quarter of Fiscal 1981, and may affect operations to some degree during the second quarter. While the results for the year as a whole are certainly contingent upon the performance of the U.S. and Canadian economies, we expect to see gains during our third and fourth quarters when employment and hiring should regain momentum. As a matter of fact, subject to changes in our economic assumptions, we are planning further agency expansions in the Sun Belt, the West Coast and in Canada. While these new operations are not expected to materially contribute to the Company's earnings for 1981, neither do we anticipate any significant adverse impact from these start-up operations.

We have a continuing interest in diversifying the Company's growth path by entering the temporary help field and/or contract labor. However, our entry into either of these ventures will probably not occur until late in Fiscal 1982.

We are optimistic. We have faith in the future. We have faith in our country and its people. We also have faith and confidence in our Company and its ability to become bigger and better than it is now.

Herbert F. Imhoff
Chairman of the Board and President
December 29, 1980

Dividends
(Per Share)



Per share figures reflect 10% stock dividend issued in September, 1980.

Employees—The Corporate Asset of the '80s

General Employment Enterprises places people in permanent jobs and finds qualified applicants for employers. The Company conducts its business in 48 employment offices located in 33 cities in 15 states and the province of Ontario, Canada.

Headquartered in Chicago, Illinois, General Employment is one of the largest company-owned networks of private employment agencies in North America.

The Company, whose origins date back to 1893, conducts its business under seven names.

—Engineering Agency specializes in the placement of engineering and other technical personnel.

—Business Men's Clearing House and Craig Agency both specialize in any of several occupational areas depending on the types of business and industry present in the cities they serve.

—Business Management Personnel specializes in middle- and upper-management personnel.

—Computer Centre specializes in data processing personnel.

—Elizabeth York Personnel specializes in secretarial and clerical personnel.

—Compu-Kore is an executive search firm that specializes in data processing and engineering executives.

Centralized Management of Finance and Operations

While maintaining its agencies as individual profit centers under the direction of an agency manager, all accounting functions are handled by Corporate Headquarters. Each agency is regularly audited by Corporate Operations personnel and by Corporate officers. This close monitoring of field operations and local employment markets has enabled the Company to shorten its reaction time in adapting to changing market conditions. The Company limits office lease commitments to short-term periods for maximum flexibility. As a result, General Employment has the ability to readily open new offices and expand existing profitable agencies while closing unprofitable agency operations.

Program for Professional Development

Recognizing the need for professional management to sustain the Company's growth, General Employment provides employees with structured training programs that offer the latest, most effective management and placement techniques. New consultants receive intensive training followed by a combination of classroom instruction and on-the-job supervision. Candidates for promotion to agency management complete a 60-hour course of instruction in administrative and supervisory functions basic to agency operations. Each manager is required to repeat the course every two years to keep abreast of new techniques and developments.



Anticipating the continued demand for technicians and engineers by the high technology industries, General Employment increased the concentration of its agencies in regions where these specialized disciplines are becoming critical.



Offices 48
Cities 33

■ Seattle

Toronto
Etobicoke (2)
Kitchener
Hamilton

■ Boston

Arlington Heights
Des Plaines
Chicago (4)
Oak Brook (3)
Homewood

■ Detroit

■ New York

Philadelphia (2) ■

■ San Francisco (2)
■ Fremont
■ Palo Alto
■ San Jose

Woodland Hills (2)
Los Angeles (4)
Torrance
Santa Ana (3)
Huntington Beach

■ Phoenix

Kansas City ■

■ St. Louis

■ Columbus
■ Indianapolis
■ Louisville

■ Atlanta

■ Dallas

Houston (2) ■

Tampa ■



The Company's Marketing Plan

The Company has capitalized on national market trends leading away from broad, general fields of employment. Today, the demand for personnel is greatest in the high technology industries concentrated in select geographical areas. General Employment is emphasizing its service in the engineering, data processing and secretarial fields of employment while concentrating expansion efforts in locations with the highest potential for economic growth and business expansion... primarily the Sun Belt and West Coast regions of the United States.

Agency Operations

The Company's employment agencies are located in city and suburban business centers. The typical agency is staffed by an agency manager and from four to 32 consultants. The agency serves two types of clients—job applicants and employers. Job applicants respond to the agency's classified advertising or have been referred by former clients. Employers list job openings with the Company's agencies as a result of telephone presentations by consultants and direct mail bulletins describing available applicants.

Consultants conduct in-depth interviews, evaluate applicants' qualifications and refer qualified candidates to employers. Agency revenues are generated when placements are made as the result of interviews arranged with employers. The placement fee is calculated as a percentage of an applicant's annualized starting salary, with the percentage applied being proportionately greater for successively higher salaries.

Two key elements attract new clients and maintain excellent working relationships with existing clients... immediate action and the Company's unconditional guarantee to refund the fee should an applicant leave or be terminated within the first 30 days of employment.

Planning for the Company's Future

In spite of economic uncertainties generated by inflation and recession in the U.S. and Canadian economies, the U.S. Department of Labor predicts that General Employment's three major fields of specialization will experience increasing demand during the '80s. They project an average yearly increase in U.S. openings for 46,500 engineers, 29,600 data processing workers and 305,000 secretaries. The projections are supported by the Company's own statistics which show that its placements in these occupations for the past four fiscal years (1976 through 1980) have increased a total of 79 percent, with individual increases of 74 percent in engineering, 108 percent in data processing and 60 percent in secretarial help. In Fiscal 1980, General Employment's placements in these three areas equalled 77 percent of the Company's total placements.

The Company monitors economic projections of local markets so that it can locate new agencies in areas with the greatest potential for employment and placement services.

General Employment believes that during the next 10 years, annual placements of engineers, data processing workers and secretaries will continue to rise at a rapid pace.

Inflation's impact on wages together with the higher placement fees generated by the Company's sliding scale fee schedule, should result in greater revenues, assuming the Company continues to place the same number of people. This will fund expansion into new fields of employment offering even greater potential for revenues and earnings. The sharp increase in demand for professional and managerial employees in such rapidly developing industries as energy development, environmental protection and health care are just a few of the areas being considered for expansion by General Employment. And, in addition to the Company's permanent placement operations, General Employment is interested in the fields of temporary help and contract services...two industries with enormous potential.

Agency Locations are the Key to Growth

Geographically, General Employment has concentrated its operations in the Sun Belt and West Coast areas of the United States, particularly in the last four years. As of the end of Fiscal 1980, the Company had eleven agencies in the Los Angeles area, five in the San Francisco Bay area, one in Dallas, two in Houston, one in Phoenix, one in Seattle and one in Tampa. As a result, General Employment is positioned to take advantage of the increasing population shifts to those areas and the subsequent job expansion there. The current Help-Wanted Advertising Indexes (except for Tampa data which is not included in this monthly index) for these regions are averaging 30 percent to 200 percent greater than the national average. And, population projections for these areas indicate continued growth throughout the '80s, which should result in increased demand for employment and placement services.

In addition to the Sun Belt and West Coast areas of the United States, General Employment has entered other markets experiencing similar growth and expansion of employment...especially in the high technology industries. For example, General Employment opened an agency to assist an expanding electronics and research complex surrounding the Boston area. And, in Toronto, Ontario, the Company opened an agency to satisfy increased demands for data processing personnel.

Taking everything into consideration...management and staff, systems and control, concentration in high-growth employment markets and, most important, the Company's optimism for further growth, General Employment Enterprises, Inc. expects to continue its role as a dynamic partner and contributor to the full employment and economic growth of North America.

Placements by Occupation 1980

	Engineering 32%
	Data Processing 24%
	Secretarial 21%
	Administrative 14%
	Accounting 9%

The need for qualified employees in the field of data processing exists in almost every industry. Recognizing this, General Employment expanded its service to attract and place programmers, analysts, and data entry personnel as well as management.



Management's Discussion and Analysis of the Summary of Operations

Fiscal 1980 Compared with Fiscal 1979

The Company's 1980 revenues rose 18 percent over 1979 due to an 18 percent increase in the average fee per placement and a 2 percent increase in the number of placements.

Cost of services furnished increased accordingly, registering a 17 percent increase due primarily to the rise in commission and bonus compensation which is related directly to the increased revenues from placement fees. However, as a percent of sales, cost of services furnished decreased, dropping from 68.3 percent in 1979 to 67.6 percent in 1980.

General and administrative costs rose 27 percent during 1980. The increase was partially influenced by additions to corporate staff and to employee benefit programs but was primarily due to increased costs in most other areas resulting from inflation.

Income taxes increased 11 percent because of the 14 percent rise in pre-tax income in 1980.

Payroll taxes went up 15 percent during 1980, as increased tax rates were applied to higher maximum levels of taxable compensation for a larger number of employees.

Rents increased 27 percent over 1979 levels due to the expansion of occupied space for the Company's operations and as the result of escalated costs per square foot due to inflation.

Advertising rose 33 percent and equalled 9.5 percent of 1980 revenues compared to 8.4 percent in 1979. The increase was due to a combination of more intensive ad-

vertising needed to satisfy increased demand for qualified applicants, and increased lineage rates for classified advertising.

Differences between the provision for income taxes and the amount computed by applying the 46 percent statutory rate for pre-tax income, are explained in Note D of the Notes To Consolidated Financial Statements.

Fiscal 1979 Compared with Fiscal 1978

Revenues for 1979 were 24 percent greater than those in 1978 because of a 12.5 percent increase in the average fee per placement and a 9 percent increase in the number of placements.

Cost of services furnished increased 22 percent primarily because of increased commission and bonus compensation related directly to the increase in revenues from placement fees. However, as a percent of sales, cost of services furnished dropped from 69.3 percent in 1978 to 68.3 percent in 1979.

Advertising increased 36 percent during 1979 and was 8.4 percent of revenues. The increase was due to sharply higher demand for qualified applicants and as the result of increased lineage rates for classified advertising.

Payroll taxes increased 23 percent due to higher tax rates and increased compensation costs.

The reasons for differences between the provision for income taxes and the amount computed by applying the 46.5 percent statutory rate to pre-tax income are explained in Note D of the Notes to Consolidated Financial Statements.

Quarterly Results of Operations (Unaudited)

(Amounts in thousands except for per share amounts)

Fiscal Quarter	Net Revenues	Pre-tax Income	Income Taxes	Net Income	Per Share	
					Income	Cash Dividends
1979						
First	\$ 2,818	\$ 244	\$ 135	\$ 109	\$.08	\$.08
Second	3,318	436	206	230	.18	.05
Third	3,686	709	342	367	.28	.07
Fourth	4,260	698	313	385	.29	.07
Year	\$14,082	\$ 2,087	\$ 996	\$ 1,091	\$.83	\$.27
1980						
First	\$ 3,793	\$ 535	\$ 259	\$ 276	\$.21	\$.08
Second	4,474	796	373	423	.33	.09
Third	4,150	520	230	290	.22	.09
Fourth	4,198	519	241	278	.21	.10
Year	\$16,615	\$ 2,370	\$ 1,103	\$ 1,267	\$.97	\$.36

The above per share amounts have been adjusted for the 1980 10% stock dividend.

Statements of Consolidated Income

General Employment Enterprises, Inc. and Subsidiaries

	Year Ended September 30	
	1980	1979
Net revenues (including interest income of \$322,643 in 1980 and \$169,121 in 1979)	\$16,615,108	\$14,081,555
Costs and expenses:		
Cost of services furnished	11,239,598	9,622,054
General and administrative expenses	3,005,502	2,372,687
	14,245,100	11,994,741
Income before income taxes	2,370,008	2,086,814
Income taxes—Note D	1,103,000	996,000
Net income	\$ 1,267,008	\$ 1,090,814
Net income per weighted average number of common shares and common share equivalents (dilutive stock options in 1980) outstanding during each year, after giving retroactive effect to the 1980 10% stock dividend	\$.97	\$.83

See notes to consolidated financial statements

Consolidated Balance Sheets

General Employment Enterprises, Inc. and Subsidiaries

	September 30 1980	1979
Assets		
Current Assets		
Cash	\$ 78,714	\$ 51,794
Short-term investments—at cost, which approximates market	2,700,000	2,300,000
Trade accounts receivable, less allowances (1980—\$483,000; 1979—\$474,000)	1,595,432	1,630,297
Prepaid expenses and other current assets	343,392	179,612
Total Current Assets	4,717,538	4,161,703
Other Assets	53,920	46,074
Furniture, Equipment, and Leasehold Improvements		
Furniture and equipment	938,860	898,645
Leasehold improvements	407,372	346,143
	1,346,232	1,244,788
Less allowances for depreciation and amortization	846,997	978,260
	499,235	266,528
Total Assets	\$5,270,693	\$4,474,305
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$ 400,775	\$ 413,913
Employee compensation and payroll taxes	1,555,748	1,401,964
Accrued expenses and sundry accounts	330,070	262,575
Income taxes	126,095	337,502
Total Current Liabilities	2,412,688	2,415,954
Shareholders' Equity—Note C		
Preferred Stock—no-par value:		
Authorized: 100,000 shares, none issued		
Common Stock—no-par value:		
Authorized: 5,000,000 shares		
Issued (including shares in treasury):		
1980—1,373,457 shares; 1979—		
1,254,846 shares—stated capital	13,734	12,548
Capital in excess of stated value of shares	1,693,954	1,013,126
Retained earnings	1,198,404	1,080,764
	2,906,092	2,106,438
Less cost of 63,744 shares of Common Stock in treasury	48,087	48,087
	2,858,005	2,058,351
Lease Commitments—Note F		
Total Liabilities and Shareholders' Equity	\$5,270,693	\$4,474,305

See notes to consolidated financial statements

Statements of Consolidated Shareholders' Equity

General Employment Enterprises, Inc. and Subsidiaries

	Common Stock	Capital in Excess of Stated Value of Shares	Retained Earnings	Cost of Common Stock in Treasury	Total Shareholders' Equity
Year Ended September 30, 1979					
Balance at October 1, 1978	\$11,987	\$ 781,909	\$ 580,351	\$(47,905)	\$1,326,342
Cost of 44 shares of Common Stock purchased for treasury				(182)	(182)
Dividends:					
Cash—\$.27 per share (see note below)			(356,326)		(356,326)
Stock—market value (\$4.125 per share) of 56,189 shares of Common Stock issued as a 5% stock dividend (to holders of record on August 30, 1979) including \$2,297 paid in cash in lieu of issuing fractional shares	561	231,217	(234,075)		(2,297)
Net income for the year			1,090,814		1,090,814
Balance at September 30, 1979	12,548	1,013,126	1,080,764	(48,087)	2,058,351
Year Ended September 30, 1980					
Dividends:					
Cash—\$.36 per share (see note below)			(464,482)		(464,482)
Stock—market value (\$5.75 per share) of 118,611 shares of Common Stock issued as a 10% stock dividend (to holders of record on August 27, 1980) including \$2,872 paid in cash in lieu of issuing fractional shares	1,186	680,828	(684,886)		(2,872)
Net income for the year			1,267,008		1,267,008
Balance at September 30, 1980	\$13,734	\$1,693,954	\$1,198,404	\$(48,087)	\$2,858,005

Note—Per share amounts have been adjusted to give retroactive effect to the 1980 10% stock dividend.

See notes to consolidated financial statements.

() Indicates deduction.

Statements of Changes in Consolidated Financial Position

General Employment Enterprises, Inc. and Subsidiaries

Year Ended September 30
1980 1979

Source (Application) of Funds

From operations:		
Net income	\$1,267,008	\$1,090,814
Provisions for depreciation and amortization which did not affect working capital	69,221	60,387
Total from operations	1,336,229	1,151,201
Additions to furniture, equipment, and leasehold improvements	(300,376)	(126,933)
Cash dividends paid	(467,354)	(358,623)
Miscellaneous	(9,398)	(12,786)
Increase in working capital	559,101	652,859
Working capital at beginning of year	1,745,749	1,092,890
Working capital at end of year	\$2,304,850	\$1,745,749

Changes in Components of Working Capital

Increase (decrease) in current assets:		
Cash	\$ 26,920	\$ (196,037)
Short-term investments	400,000	500,000
Trade accounts receivable	(34,865)	390,740
Prepaid expenses and other current assets	163,780	39,153
	555,835	733,856
Increase (decrease) in current liabilities:		
Accounts payable	(13,138)	161,244
Employee compensation and payroll taxes	153,784	221,643
Accrued expenses and sundry accounts	67,495	86,185
Income taxes	(211,407)	(388,075)
	(3,266)	80,997
Increase in working capital	\$ 559,101	\$ 652,859

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

General Employment Enterprises, Inc. and Subsidiaries

Note A—Principal Accounting Policies

The Company's principal accounting policies are summarized as follows:

Principles of Consolidation: The consolidated financial statements include the accounts and transactions of the Company and all subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Recognition of Revenues: Placement fees from the operation of employment agencies are recognized as income at the time the applicants accept employment. Provision is made for estimated losses in realization (principally due to applicants not remaining in employment for guarantee period).

Furniture, Equipment, and Leasehold Improvements:

Furniture, equipment, and leasehold improvements are stated on the basis of cost. It is the policy of the Company to provide for depreciation of furniture and equipment by annual charges to income calculated on a straight-line basis over estimated useful lives of five to ten years. The cost of leasehold improvements is amortized on a straight-line basis over the lesser of the term of the lease or the estimated useful lives of the assets.

Investment Tax Credits: Investment tax credits, which have not been material in amount, are applied as a reduction of the income-tax provisions in the year in which the credits are realized.

Note B—Business Data and Canadian Operations

The Company is principally engaged in the operation of employment agencies. The Company also operates a printing company, which accounts for a minor portion of consolidated assets and operations. The Company's employment agency franchising operation was terminated in 1980. The franchising assets and operations were not material.

The following amounts (in United States dollars) are included in the consolidated financial statements for the Company's Canadian operations:

	1980	1979
Total assets	\$232,000	\$173,000
Net assets	111,000	72,000
Net income for the year	146,000	55,000

Note C—Stock Options and Stock Purchase Plan

In 1980, an option was granted to an officer/director to purchase an aggregate of 22,000 shares of Common Stock at \$2.84 per share, at a rate of 2,200 shares per year

beginning in 1980. The option expires no later than September 30, 1989. No shares were purchased as of September 30, 1980.

The Company's other stock plans, which may be terminated at any time by the Board of Directors, are described as follows:

1. Options under a restricted plan may be granted to key employees at less than market value. No options were outstanding at September 30, 1980; however, 77,213 shares of Common Stock were reserved for issuance under the plan.

2. Under a stock purchase plan, 70,195 shares of Common Stock are authorized for sale at 66⅔% of market value to selected employees. No shares have been sold under this plan.

All number of shares and per share amounts have been adjusted to give retroactive effect to the 1980 10% stock dividend.

Note D—Income Taxes

Details of the provision for income taxes are as follows:

	1980	1979
Currently payable:		
Federal	\$ 980,000	\$ 896,000
State	140,000	141,000
Canadian	13,000	—
	<u>1,133,000</u>	<u>1,037,000</u>
Deferred credit	(30,000)	(41,000)
	<u>\$1,103,000</u>	<u>\$ 996,000</u>

The reasons for the difference between the provision for income taxes and the amount computed by applying the statutory federal income tax rate to pre-tax income are as follows:

	1980	1979
46% (46.5% in 1979) of pre-tax income	\$1,082,000	\$970,000
Add (deduct):		
Effect of utilization of Canadian operating loss carry-forwards	(61,000)	—
State income taxes, net of federal tax effect	75,000	75,000
Miscellaneous	7,000	(49,000)
	<u>\$1,103,000</u>	<u>\$996,000</u>

Notes to Consolidated Financial Statements (Cont'd)

General Employment Enterprises, Inc. and Subsidiaries

No recognition has been given in the consolidated financial statements to potential additional future Canadian income-tax benefits relating to loss carry-forwards of \$163,000 (in United States dollars) expiring in 1982 and 1983.

Note E—Employee Benefit Plans

In 1980, the Company adopted a voluntary retirement plan in which all employees with at least one year of service may participate. The plan requires active participants to contribute a minimum of 2½% to a maximum of 10% of their annual compensation. The Company's contribution on behalf of each participant is equal to 2½% of the participant's annual compensation. The Company's contribution under the Plan charged to costs and expenses in 1980 was \$72,900.

In July, 1980 the Company entered into agreements with six officers to provide certain defined benefits at the officers' retirement or in the event of death. While the agreements are not funded, the Company has purchased life insurance policies on each of the officers to insure that assets are available to provide a portion of the benefits to be paid under the agreements. The amount charged to 1980 costs and expenses under the agreements was \$2,200, which represents the current year amortization of the present value at retirement of the expected benefits.

Note F—Lease Commitments

At September 30, 1980, the Company and its subsidiaries were obligated for future minimum rentals under non-cancelable lease agreements for office space extending to 1985 (net of amounts due to the Company under sublease agreements) as follows (in thousands of dollars):

	Gross Rentals	Sublease Income	Net Rentals
1981	\$ 951	\$187	\$ 764
1982	704	133	571
1983	511	127	384
1984	458	119	339
1985	261	69	192
	<u>\$2,885</u>	<u>\$635</u>	<u>\$2,250</u>

Rent expense for office space (including utility charges) and equipment amounted to \$765,000 in 1980 and \$639,000 in 1979, after deduction of sublease income of \$225,000 and \$211,000, respectively. Certain lease agreements provide for increased rental payments dependent upon future increases in real estate taxes and building maintenance expenses.

Note G—Summary of Unaudited Quarterly Results of Operations

A summary of unaudited quarterly results of operations for the years ended September 30, 1980 and 1979, as shown on page 10 of this report, is incorporated herein by reference.

Report of Independent Auditors

Board of Directors and Shareholders
General Employment Enterprises, Inc.
Chicago, Illinois

We have examined the consolidated balance sheets of General Employment Enterprises, Inc. and subsidiaries as of September 30, 1980 and 1979, and the related statements of consolidated income, shareholders' equity and changes in consolidated financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and

such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of General Employment Enterprises, Inc. and subsidiaries at September 30, 1980 and 1979, and the consolidated results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

Chicago, Illinois
November 7, 1980

Shareholder Information

Transfer Agent and Registrar

The First National Bank of Chicago
Chicago, Illinois

Principal Trading Market

American Stock Exchange
Symbol: JOB

Counsel

Berger and Herman, Ltd.
Chicago, Illinois

Independent Auditors

Ernst and Whinney
Chicago, Illinois

Annual Meeting

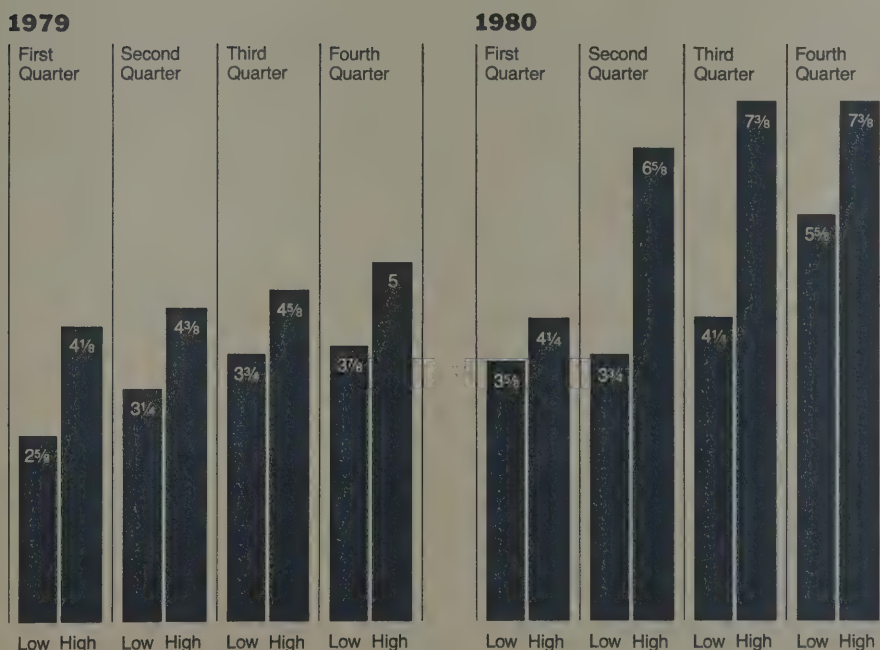
The annual meeting of the shareholders of General Employment Enterprises, Inc. will be held at 10:00 a.m. on Tuesday, February 17, 1981, in the 13th floor conference room (13A-B, Clark Street side), First National Bank of Chicago, One First National Plaza, Chicago, Illinois.

10-K report

The Company's 10-K report covering fiscal 1980 is available without charge upon written request to:
John H. Saxton, Treasurer
General Employment Enterprises, Inc.
150 South Wacker Drive
Chicago, Illinois 60606

Quarterly Stock Prices

Shown here are the high and low sale prices per share for General Employment Enterprises, Inc. common shares by quarter for 1980 and 1979, as traded on the American Stock Exchange, symbol JOB.



Ten Year Financial Review

Summary of Consolidated Operations and Other Financial Information
(All dollar amounts are in thousands except for per share amounts)

Year ended September 30	1980	1979	1978
Operating Results			
Net revenues from continuing operations	\$16,615	\$14,082	\$11,346
Cost of services furnished	11,240	9,622	7,860
General and administrative expenses	3,005	2,373	2,076
Income (loss) from continuing operations before income taxes	2,370	2,087	1,410
Income taxes (credit)	1,103	996	761
Income (loss) from continuing operations	1,267	1,091	649
Income (loss) from discontinued operations	—	—	—
Extraordinary credit (charge) (1)	—	—	—
Net income (loss)	1,267	1,091	649
Balance Sheet Data			
Total assets	\$ 5,271	\$ 4,474	\$ 3,661
Shareholders' equity	2,858	2,058	1,326
Working capital	2,305	1,746	1,093
Current ratio	2.0	1.7	1.5
Ratio Analysis			
Percent of continuing revenues:			
Cost of services furnished	67.6%	68.3%	69.3%
General and administrative expenses	18.1	16.9	18.3
Income (loss) from continuing operations before income taxes	14.3	14.8	12.4
Return on beginning equity	61.6	82.2	66.1
Per Common Share (2)			
Income (loss) from continuing operations	\$.97	\$.83	\$.50
Net income (loss)	.97	.83	.50
Dividends:			
Cash	.36	.27	.23
Stock	10%	5%	5%
Book value	\$ 2.18	\$ 1.57	\$ 1.01
Average shares outstanding	1,309,713	1,310,239	1,310,989

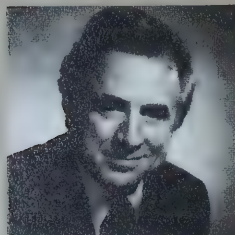
1977	1976	1975	1974	1973	1972	1971
\$8,694	\$7,603	\$8,219	\$11,068	\$9,379	\$6,502	\$5,590
6,435	5,950	6,435	7,868	6,817	5,227	4,627
1,803	1,531	1,663	1,912	1,838	1,455	1,306
456	122	121	1,288	724	(180)	(343)
339	108	107	747	434	41	(83)
117	14	14	541	290	(221)	(260)
—	(302)	(158)	(31)	4	(68)	(388)
169	—	—	101	246	—	(165)
286	(288)	(144)	611	540	(289)	(813)
\$2,128	\$1,732	\$2,450	\$ 3,667	\$2,742	\$2,102	\$2,166
982	923	1,361	1,736	1,355	867	1,159
728	639	892	1,086	548	154	105
1.6	1.8	1.8	1.6	1.4	1.1	1.1
74.1%	78.3%	78.3%	71.1%	72.7%	80.4%	82.7%
20.7	20.1	20.2	17.3	19.6	22.4	23.4
5.2	1.6	1.5	11.6	7.7	(2.8)	(6.1)
31.0	(21.2)	(8.3)	45.1	62.3	(24.9)	(39.1)
\$.09	\$.01	\$.01	\$.41	\$.22	\$ (.17)	\$ (.20)
.22	(.22)	(.11)	.47	.41	(.22)	(.62)
.17	.11	.16	.16	.06	—	.07
5%	5%	—	5%	—	—	—
\$.75	\$.70	\$ 1.04	\$ 1.33	\$ 1.03	\$.66	\$.88
1,309,431	1,310,135	1,308,232	1,307,015	1,315,465	1,315,465	1,316,945

(1) The extraordinary credits in 1977, 1974 and 1973 are comprised of income tax loss carry-forwards. The extraordinary charge in 1971 resulted from the discontinuance of operations at certain locations and is shown net of income tax benefit.

(2) Adjusted retroactively for 1980 10% stock dividend and the 1979, 1978, 1977, 1976 and 1974 5% stock dividends. Based on weighted average number of common shares outstanding.

Directors, Officers and Committees

Board of Directors



Herbert F. Imhoff, Chairman of the Board and President. Employed by the Company and predecessor operations since 1957. President since 1964.



Charles M. O'Shea, the Company's founder and former Chairman of the Board, now retired.



Lynn Brumley, former Treasurer of General Employment Enterprises, now retired.



Harold K. Johnson, General, United States Army (Ret.). Director, Education and Americanism, Supreme Council, Scottish Rite.



David E. Moran, Jr., Executive Vice President-Operations. Joined one of General Employment Enterprises' predecessor companies in 1962.



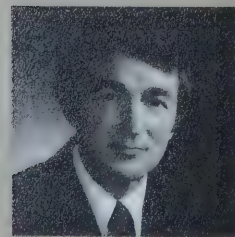
J. Gilmore Paddock, former manager of the Classified Advertising division, Chicago Tribune, now retired.



Howard S. Wilcox, Major General, United States Army (Res.). President of Howard S. Wilcox, Inc., a public relations firm in Indianapolis.

Corporate Officers

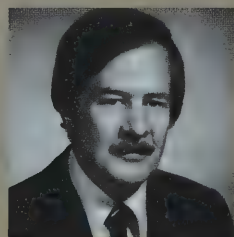
In addition to those officers above, who also serve as Directors, other Corporate Officers are:



James C. Esque, Vice President-Administration. Mr. Esque has been with the Company since 1968.



Colin R. Reed, Vice President-Corporate Development. Mr. Reed joined the Company in 1977.



John H. Saxton, Treasurer and Controller. Mr. Saxton, a CPA, has been with the Company since 1968.



John A. Stephenson, Vice President-Agency Advertising. Joined one of General Employment Enterprises' predecessor companies in 1955.



Burton Berger, Corporate Secretary and senior member of the law firm of Berger and Herman, Ltd.

Committees

Audit Committee

Harold K. Johnson,
Chairman
Lynn Brumley
J. Gilmore Paddock
Howard S. Wilcox

Compensation Committee

Howard S. Wilcox,
Chairman
Harold K. Johnson
J. Gilmore Paddock

Nominating Committee

Harold K. Johnson,
Chairman
J. Gilmore Paddock
Howard S. Wilcox

Want to receive financial news faster?

If you hold General Employment Enterprises shares in any name other than your own (in the name of a broker or a nominee), and would like to receive reports and press releases directly from your Company, just fill in the information below and send us this postage paid card. We'll put your name on our mailing list so you'll receive financial news *as soon as it's available*.

Name

Address

Number of shares owned



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general employment enterprises, inc.

Corporate Headquarters
150 South Wacker Drive
Chicago, IL 60606



Agency Directory

United States

Arizona

Phoenix

Business Men's Clearing House
602|265-7800

California

Fremont

Engineering Agency
415|797-5680

Huntington Beach

Business Men's Clearing House Agency
714|960-2431

Los Angeles

Business Management Personnel Agency
213|386-4630

Business Men's Clearing House Agency
213|937-0671

Elizabeth York Personnel Agency
213|386-3760

Engineering Agency
213|380-5950

Palo Alto

Business Men's Clearing House Agency
415|494-3441

San Francisco

Craig Agency
415|777-2900

Elizabeth York Personnel Agency
415|434-3650

San Jose

Business Men's Clearing House Agency
408|288-8700

Santa Ana

Computer Centre Agency
714|547-5602

Elizabeth York Personnel Agency
714|973-2097

Engineering Agency
714|973-4841

Torrance

Elizabeth York Personnel Agency
213|540-9151

Woodland Hills

Business Management Personnel Agency
213|703-6908

Engineering Agency
213|703-6734

Florida

Tampa

Business Men's Clearing House
813|879-3151

Georgia

Atlanta

Business Men's Clearing House
404|681-3810

Illinois

Arlington Heights

Computer Centre
312|364-9450

Chicago

Business Management Personnel
312|782-6062

Business Men's Clearing House
312|346-7000

Compu-Kore, Inc.
312|782-1024

Engineering Agency
312|977-4800

Des Plaines

Engineering Agency
312|297-0411

Homewood

Business Men's Clearing House
312|957-3500

Oak Brook

Computer Centre
312|986-8616

Elizabeth York Personnel
312|986-1572

Engineering Agency
312|986-1009

Indiana

Indianapolis

Business Men's Clearing House
317|636-2261

Kentucky

Louisville

Business Men's Clearing House
502|897-5347

Massachusetts

Boston

Business Men's Clearing House
617|267-9119

Michigan

Detroit

Craig Employment Agency
313|963-8470

Missouri

Kansas City

Business Men's Clearing House
816|421-0011

St. Louis

Missouri Business Men's Clearing House
Employment Agency, Inc.
314|231-7400

New York

New York

New York Business Men's Clearing
House, Inc.
212|564-5350

Ohio

Columbus

Business Men's Clearing House, Inc.
614|228-5192

Pennsylvania

Philadelphia

Business Management Personnel
215|569-3226

Craig Agency
215|564-3101

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214|363-7370

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713|977-3677

Business Men's Clearing House
713|650-0396

Washington

Seattle

Business Men's Clearing House
206|223-1500

Canada

Ontario

Etobicoke

Computer Centre
416|622-1826

Craig Agency
416|622-6442

Engineering Agency
416|622-8118

Hamilton

Craig Agency
416|527-9201

Kitchener

Craig Agency
519|745-4731

Toronto

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Business Men's Clearing House
416|366-6874

Elizabeth York Personnel
416|864-1150

general employment enterprises, inc.

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